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## **Summary**

### **MICHIGAN JOBS & INVESTMENT ACT** ***Transforming the Single Business Tax for the 21<sup>st</sup> Century***

Restructures Michigan business taxes to make Michigan more attractive for job providers. Helps ensure that major employers keep jobs in Michigan, helps small businesses grow and helps attract the high-tech businesses that will provide the jobs of the future.

#### **Encourages Major Employers to Keep Jobs in Michigan**

- Cuts the Rate for all SBT Taxpayers - *drops rate from 1.9% to 1.2%*
- Creates a Manufacturing and R&D Personal Property Tax Credit- *manufacturers and R&D companies would get a credit for 35% of personal property taxes paid on property used for manufacturing or R&D purposes*
- Changes to 100% Sales Factor Apportionment- *the calculation of the Michigan share of the tax base would be based exclusively on the firms percentage of Michigan sales.*
- Increases the Weighting of Profit in the SBT Tax Base- *Corporate profits would receive an addition weighting of 2.0*

#### **Encourages Small Businesses to Grow; Attracts Jobs of the Future**

- Cuts the alternative tax rate for small businesses – *from 2% to 1.2%*
- Creates an R&D Credit - *Taxpayers would receive a credit for 1.2% of compensation paid to employees engaged in research and development*

#### **Makes Business Tax Structure More Simple**

- Eliminates Excess Compensation Reduction and Gross Receipts Reduction
- Eliminates special credit for unincorporated businesses and for telephone property taxes paid
- Treats compensation of employees leased from a professional employer organization as compensation of the client business

#### **Makes Business Tax Structure More Fair**

- Changes the Taxation of Insurers- *changes to a 2% premiums tax on insurance companies like that imposed by most other states (does not apply to Blue Cross/Blue Shield, HMOs or self-insurance plans)*
- Eliminates unincorporated business credit
- Makes small business credit eligibility independent of business organization or out of state affiliation
- Eliminates Special Property Tax Treatment for Commercial Rental Property-*treats changes in value like all other value changes are treated for assessment purpose.*